

**Internal Revenue Service
P.O. Box 2508
Cincinnati, OH 45201**

Department of the Treasury

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Employer Identification Number:

Contact Person - ID Number:

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Contact Telephone Number:

UIL 4945.04-04

LEGEND

B = the Foundation
C = the Foundation 1
D = Date
E = Grant 1
F = Grant 2
G = Grant 3
H = Grant 4
N = Name of the Founder
J = Participating entities.
K = the State.
L = Website 1
M = Website 2.
R = Date 2

q = \$ Amount
p = number

Dear :

We have considered your request for advance approval of grant making program under section 4945(g) (3) of the Internal Revenue Code, dated R.

Our records indicate that you were recognized as exempt from Federal income tax under section 501(c)(3) of the Code and classified as a private foundation defined in Section 509(a) of the Code. You have changed your name from C to B on the date of D.

You have conducted three grant making programs, E, F and G, for which the grant making procedures have been approved by the Internal Revenue Service. You propose to apply the same procedures to the selection and supervision of H, a new program.

You will make grants to scholars, either through educational institutions or directly to the scholars, to support research on subjects of interest to you. An example of a potential subject of interest includes analysis and development of philosophical ideals based upon the teachings of scholars in a particular field of study, and related educational activities. These grants may include funds for travel. Applicants may be located anywhere, and your programs are not intended to be limited geographically. You intend to work with your

extensive network of contacts at universities and elsewhere, to identify students and scholars who are working in areas of interest that focus on the advancement of nonviolence and freedom. You will be making primarily single-year grants. However, you may develop criteria for grant renewal, if appropriate, depending upon the amount of funding available, the qualification of the applicants, and your needs as determined by your Board.

Your selection committee will consist of your board members. The members of the Committee will not derive a private benefit, either directly or indirectly from the selection of any grantee over others. The recipients of the programs will be selected on an objective, and nondiscriminatory basis. Individuals, who are employees, members of the Board of Directors, or persons related to them by blood or marriage, will not be eligible for the grants.

There will be specific criteria to identify and select qualified scholars in areas relating to your charitable purpose.

Your Board will conduct a pre-grant inquiry based on an applicant's written proposal. Grant recipients will be required to sign a grant agreement agreeing to use the funds only for the purpose of the grant, to return any funds not so expensed, and to submit reports to you at the conclusion of the grant period.

An expenditure report will be required at least semi-annually detailing:

- a) the grantee's name and address, the date and amount of the grant,
- b) the purpose of the grant,
- c) an accounting, detailing the amount spent and the purpose of each expenditure, and a statement indicating whether any portion of the grant has been diverted from the purpose for which the grant was made.

The grant agreement will require that grant proceeds not be used for prohibited purposes, i.e. activities prohibited under Section 4945(d)(1) and (2), payment to any individual or organization unless specifically described in the grant agreement, expenditure for any purpose other than as specified in the Internal Revenue Code Section 170(c)(2) (B), or provide support to any person or entity that engages in violent or terrorist activities.

The grant recipient will be required to maintain records, and make such records available to you upon reasonable notice. If a recipient of a grant is found to have violated the terms of the grant agreement, you will take legal action to recover the remaining amount of the grant from the recipient. You may interview grant recipients or require them to report, or make presentations to you about the progress of their studies. Failure to issue a report or any apparent misuse of funds will be promptly investigated, and further disbursement, if any, will be held until the completion of any investigation.

You will take all reasonable and necessary steps to (1) recover grant funds, or (2) ensure restoration of funds and their dedication to the purpose that the grant funds are financing.

You agree to maintain records that include:

- Information used to evaluate the qualification of potential grantees including any recommendations;

- Identification of the grantees including any relationship of any grantee to you;
- The amount and purpose of each grant, and all requirements imposed on the grantee with respect thereto;
- All Grantee reports and other follow-up data obtained in administering your grant making program.

You will apply the same procedures related to the selection and supervisions to H. H will encourage the most brilliant and promising young people not to wait on their ideas but to further their innovative scientific and technical ideas.

To further the grantees' innovative scientific and technical ideas, you will award grants to up to as many as p applicants. Grants, in the amount of \$q, will be payable over a two-year period rather than one single year as specified in the programs approved previously. The two-year fellowship is not renewable.

In addition, over a two year period, N's network of tech entrepreneurs and philanthropists – drawn from J and other sources, largely in the state of K, will teach the recipients about creating disruptive technologies and offer mentorship, employment opportunities, support and training.

Qualified applicants are between the ages of 13 and 20, and are interested in pursuing entrepreneurial activities. However, you may also offer the fellowship to persons over age 20 based on the overwhelming and positive response to H

The application process includes an online application form in the website L, to be submitted with an original essay and/or video in response to specific questions set forth in the Fellowship rules. Applicants may apply individually or in teams up to four persons. However, each team member submits a separate application, and each team member may count toward the limit of p fellowships to be awarded.

Upon accepting an award, the grantee must:

- a) begin the two-year fellowship in 2011;
- b) stop active enrollment in school during the fellowship period;
- c) forgo other employment or educational activities during the fellowship period, except as authorized by your foundation;
- d) consider moving to the state of H; and
- e) achieve a specific objective, produce a report or similar project, or improve or enhance a scientific, technical or charitable capacity, skill or talent. This may be developed over the course of the fellowship period.

There is no geographic limitation to be an eligible applicant, except for applicants from any country where participation in such programs is prohibited. There is no limitation or restriction in the selection criteria on the basis of religion, national or ethnic origin or other illegal discriminatory bases. You will check the name of the finalist against the OFAC list

published by the United States government, and also utilize the commercial website at M, as a cross-check to the OFAC list.

Payments in the H program are made directly to grant recipients for living expenses during the course of the fellowship. Grant funds will be distributed by check, on a monthly basis. Although candidates may request an advance, you will allow an advance only if you determine that it is appropriate to do so, and that there is no risk of diversion of the grant's funds to improper purposes.

Sections 4945(a) and (b) of the Code impose certain excise taxes on "taxable expenditures" made by a private foundation.

Section 4945(d)(3) of the Code provides that the term "taxable expenditure" means any amount paid or incurred by a private foundation as a grant to an individual for travel, study, or other similar purposes by such individual, unless such grant satisfies the requirements of subsection (g).

Section 4945(g) of the Code provides that section 4945(d)(3) shall not apply to individual grants awarded on an objective and nondiscriminatory basis pursuant to a procedure approved in advance if it is demonstrated that:

- (1) The grant constitutes a scholarship or fellowship grant which is subject to the provisions of section 117(a) and is to be used for study at an educational organization described in section 170(b)(1)(A)(ii);
- (2) The grant constitutes a prize or award which is subject to the provisions of section 74(b), if the recipient of such prize or award is selected from the general public, or
- (3) The purpose of the grant is to achieve a specific objective, produce a report or similar product, or improve or enhance a literary, artistic, musical, scientific, teaching, or other similar capacity, skill, or talent of the grantee.

Section 53.4945-4(c)(1) of the Regulations provides that to secure approval, a private foundation must demonstrate that:

- (i) Its grant procedure includes an objective and nondiscriminatory selection process;
- (ii) Such procedure is reasonably calculated to result in performance by grantees of the activities that the grants are intended to finance; and
- (iii) The foundation plans to obtain reports to determine whether the grantees performed activities that the grants are intended to finance.

Based on the information submitted and assuming your award programs will be conducted as proposed with a view to provide objectivity and nondiscrimination in making the awards, we have determined that your procedures for granting the awards comply with the requirements contained in section 4945(g) of the Code and that awards granted in accordance with such procedures will not constitute "taxable expenditures" within the meaning of section 4945(d)(3).

This determination is conditioned on the understanding that there will be no material change in the facts upon which it is based. It is further conditioned on the premise that no grants will be awarded to foundation managers, or members of the selection committee, or for a purpose that is inconsistent with the purpose described in section 170(c)(2)(B) of the Code.

The approval of your award program procedures, herein, constitutes a one-time approval of your system standards and procedures designed to result in awards which meet the requirements of section 4945(g)(3) of the Code. This determination only covers the grant programs described above. Thus, approval shall apply to subsequent award programs only as long as the standards and procedures under which they are conducted do not differ materially from those described in your request.

We have not considered whether grants made under your procedures are excludable from the gross income of recipients under section 117(a) of the Code.

Any funds you distribute to individuals must be made on a true charitable basis in furtherance of the purposes for which you are organized. Therefore, you should maintain adequate records and case histories so that any or all award distributions can be substantiated upon request by the Internal Revenue Service.

This determination is directed only to the organization that requested it. Section 6110(j)(3) of the Code provides that it may not be used or cited as a precedent.

You must report any future changes in your grant making procedures. Please keep a copy of this letter in your permanent records.

If you have any questions, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Lois G. Lerner
Director, Exempt Organizations

Enclosure: Notice 437
A redacted copy of this letter